

5997

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-16-08



STAGNI & COMPANY, LLC

BAYOU BLUE FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2007

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
FINANCIAL SECTION	
Independent Auditor's Report	7
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet – Governmental Fund –General Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund – General Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund to the Statement of Activities	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
Budget Comparison Schedule – General Fund	25
REPORTS REQUIRED ACCORDING TO GOVERNMENT AUDITING STANDARDS	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	26
SCHEDULE OF CURRENT YEAR FINDINGS	28

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2007. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$88,849, or approximately 15 percent. As a result of this year's operations assets exceeded liabilities by \$586,724 (net assets).
- During the year, expenses were \$176,828 more than the \$24,631 generated in program revenues for governmental programs. General revenues of \$265,677 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$88,849. This compares to last year when revenues exceeded expenses by \$106,854.
- Program expenditures increased by \$49,011, or about 24 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Bayou Blue Fire Protection District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Bayou Blue Fire Protection District.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Blue Fire Protection District utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net assets increased from \$497,875 to \$586,724, or about 15%. In comparison, last year net assets increased by \$106,854 or about 21%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets (Table A) and changes in net assets (Table B) of the governmental-type activities.

Table A				
Condensed Statement of Net Assets				
			Dollar	Percent
	FY 2006	FY 2007	Change	Change
Current and Other Assets	\$ 432,687	\$ 473,515	\$ 40,828	8.6%
Capital Assets	568,051	573,613	5,562	1.0%
Total Assets	1,000,738	1,047,128	46,390	4.6%
Current Liabilities	309,042	266,583	(42,459)	-13.9%
Long-Term Debt	193,821	193,821	0	0%
Total Liabilities	502,863	460,404	(42,459)	-8.4%
Invested in Capital Assets	312,675	379,792	67,117	21.5%
Unrestricted Net Assets	185,200	206,932	21,732	11.7%
Total Net Assets	497,875	586,724	88,849	17.8%

Table B				
Condensed Statement of Activities				
			Dollar	Percent
	FY 2006	FY 2007	Change	Change
Total Revenues	\$ (152,448)	\$ (201,459)	\$ 49,011	24.3%
Total Expenses	23,100	24,631	1,531	6.2%
Net Program Income	20,348	25,828	5,480	26.9%
General Revenues	236,202	265,677	29,475	11.1%
Change in Net Assets	106,854	106,854	0	0%
Net Assets				
Beginning of Year	391,021	497,875	106,854	27.3%
End of Year	497,875	604,729	106,854	21.5%

Program revenues for the governmental activities increased by 6 percent (\$1,531), while expenses also increased by approximately 24 percent (\$49,011).

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Blue Fire Protection District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental fund reported a fund balance of \$213,217 of which \$140,000 is designated by the Board for future purchases. This reflects an increase of \$20,331 or 11% from last year. Total revenues for governmental funds were \$290,308, an increase of 13% from last year. Current expenditures for governmental activities were \$126,311 or 58%, due, with the largest increases for the purchases of firefighter turnout gear and repairs and maintenance. Total spent for capital outlay was \$63,092 for the purchase of a new truck for the volunteer fire chief, the installation of a new fire hydrant and the purchase and installation of a generator. Debt service expenditures remained the same. The result for the year was an excess of revenues over expenditures of \$19,831.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised twice during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$250,000
Amendments were made for:	
Increased Ad Valorem taxes received	11,725
Increased Intergovernmental revenue	36,650
Increased Interest and miscellaneous	1,525
Total revenue amendments	49,900
Amended Budgeted Revenues	\$299,900

Original Budgeted Expenditures	\$254,855
Amendments were made for:	
Increased current expenditures	41,285
Increased Capital Outlay	49,000
Total expenditure amendments	90,285
Amended Budgeted Expenditures	\$345,140

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

CAPITAL ASSETS

Capital assets, net of accumulated depreciation of \$271,914, for governmental activities at year-end were \$573,613. This year there was \$63,092 of additions to capital assets. Depreciation of \$57,530 was recorded on capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

DEBT

At year-end, the Bayou Blue Fire Protection District had a principal balance on a long term debt to be repaid of \$198,821. During the year payments of \$61,555 of principal and \$10,135 of interest were applied to the prior year balance. More detailed information about the capital lease is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances

	<u>FY 2008</u>
Anticipated revenues	\$281,000
Expenditures:	
Current	175,750
Debt service	71,690
Capital outlay	<u>41,500</u>
Anticipated expenditures	<u>288,940</u>
Excess of expenditures	(7,940)
Fund Balance:	
Beginning of the year	<u>8,146</u>
End of the year	<u><u>\$ 206</u></u>

***BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007***

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Bayou Blue Fire Protection District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Ms. Wanda LeCompte, Accountant
675 Aragon Road
Montegut, LA
Phone number 985-594-5377

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Bayou Blue Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of the Lafourche Parish Council as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Bayou Blue Fire Protection District. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly the financial position of the governmental activities and each major fund of the Bayou Blue Fire Protection District as of December 31, 2007, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2008, on our consideration of the Bayou Blue Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Commissioners of
Bayou Blue Fire Protection District
Page 2

Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bayou Blue Fire Protection District's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Bayou Blue Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
May 1, 2008



BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Net Assets

December 31, 2007

ASSETS

Cash	\$ 88,173
Investments	117,171
Ad valorem taxes receivable	39,135
Due from other governments	219,971
Miscellaneous receivables	2,351
Prepaid Insurance	6,714
Capital Assets, net of accumulated depreciation	<u>573,613</u>
TOTAL ASSETS	<u>\$ 1,047,128</u>

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 1,011
Deferred revenue	259,287
Interest payable	<u>6,285</u>
Total current liabilities	<u>266,583</u>
Long term debt:	
Due in one year	63,909
Due in more than one year	<u>129,912</u>
Total long term debt	<u>193,821</u>
TOTAL LIABILITIES	<u>460,404</u>

NET ASSETS

Invested in capital assets, net of related debt	379,792
Unrestricted	<u>206,932</u>
Total net assets	<u>\$ 586,724</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2007

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Public safety activities:	\$ 201,459	\$ 24,631	\$ -	\$ (176,828)
Total governmental activities	<u>\$ 201,459</u>	<u>\$ 24,631</u>	<u>\$ -</u>	<u>(176,828)</u>
GENERAL REVENUES				
Ad valorem taxes				226,755
State revenue sharing				12,031
Lafourche Parish Council				20,000
Interest earned				6,660
Miscellaneous				231
TOTAL GENERAL REVENUES				<u>265,677</u>
CHANGE IN NET ASSETS				88,849
NET ASSETS:				
Beginning of year				<u>497,875</u>
End of year				<u>\$ 586,724</u>

See notes to the financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT**Balance Sheet - Governmental Fund - General Fund****December 31, 2007****ASSETS**

Cash	\$ 88,173
Investments	117,171
Ad Valorem taxes receivable:	
Terrebonne Parish	13,093
Lafourche Parish	26,042
Due from tax collector:	
Terrebonne Parish	103,761
Lafourche Parish	107,823
Due from State of Louisiana	
Terrebonne Parish	3,444
Lafourche Parish	4,943
Prepaid Insurance	6,714
Miscellaneous	2,351
TOTAL ASSETS	<u>\$ 473,515</u>

LIABILITIES AND EQUITY

Current Liabilities:	
Accounts payable	\$ 1,011
Deferred revenue:	
Terrebonne Parish	120,342
Lafourche Parish	138,945
Total current liabilities	<u>260,298</u>
TOTAL LIABILITIES	<u>260,298</u>

EQUITY

Fund balances:	
Unreserved- Designated for Fund Balance	140,000
Unreserved - Undesignated	73,217
Total equity	<u>213,217</u>

RECONCILIATION TO STATEMENT OF NET ASSETS:

In the statement of net assets, capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund as above	573,613
In the statement of net assets, interest payable in governmental activities is not a financial use and therefore not reported in the governmental fund as above.	(6,285)
In the statement of net assets, debt owed in governmental activities is not a financial use and therefore not reported in the governmental fund as above.	
Current portion of debt	(63,909)
Long term portion of debt	<u>(129,912)</u>
Net assets of governmental activities	<u>\$ 586,724</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2007

REVENUES

Ad Valorem Taxes	
Terrebonne Parish	\$ 103,613
Lafourche Parish	123,142
Intergovernmental:	
State Revenue Sharing	
Terrebonne	5,012
Lafourche	7,019
Fire Insurance Tax	24,631
Lafourche Parish Council	20,000
Interest	6,660
Miscellaneous	231
TOTAL REVENUES	<u>290,308</u>

EXPENDITURES

General government - current:	
Ad valorem tax deductions	7,670
Ad valorem tax adjustments	<u>1,714</u>
Total general government - current	<u>9,384</u>
Public safety - current:	
Workmen's Comp Insurance	2,176
Office supplies	283
Gasoline/Diesel/Oil	5,334
Operating supplies	3,512
Firefighter Turnout Gear	57,985
2% Fire Ins Reb Exp (Uniforms)	1,374
Utilities	3,593
Telephone	2,671
General Liability Insurance	3,229
Management Liability Insurance	488
Vehicle Insurance	9,836
Building & Equipment Insurance	3,000
Audit Fees	2,500
Publish Proceedings/Class Ads	28
Other fees	1,056
Membership dues	50
Travel & Training	215
Community relations	2,154
Accounting fees	5,549
E-911 Fire Dispatch Services	752
Building Repairs & Maintenance	9,590
Communication Equipment Repairs	1,561
Truck Repairs & Maintenance	5,485
Equipment Repairs & Maintenance	<u>3,890</u>
Total public safety - current	<u>126,311</u>
Debt Service:	
Principal retirement	61,555
Interest and fiscal charges	<u>10,135</u>
Total debt service	<u>71,690</u>
Capital expenditures	<u>63,092</u>
Total capital expenditures	<u>63,092</u>
TOTAL EXPENDITURES	<u>270,477</u>
Excess (deficiencies) of revenues over expenditures	19,831

FUND BALANCE

Beginning of year	<u>193,386</u>
End of year	<u>\$213,217</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2007

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above	\$	19,831
In the statement of activities, the cost of assets purchased is allocated over the estimated useful life and depreciation on these assets is recorded.		
Capital outlay		63,092
Depreciation		(57,530)
In the statement of activities, the payment of principal on long term debt is netted against the outstanding balance due.		
Principal payment		61,555
Accrued Interest Recognized		1,901
Change in net assets - governmental activities	<u>\$</u>	<u>88,849</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

INTRODUCTION

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche". In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Reporting Entity (continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above. This decision is based on the fact that the Lafourche Parish Council appoints the voting majority of the Board of Commissioners of the District.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

- General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2005 property taxes which were levied to finance the 2007 budget are recognized as revenue in 2007. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Measurement Focus / Basis of Accounting (continued)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

- **Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2007 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Note 2 DEPOSITS AND INVESTMENTS

Deposit balances at year end are as follows:

	Per Bank	As Reported
Cash	\$97,493	\$ 88,173
Totals	\$97,493	\$ 88,173

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 **DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Louisiana Asset Management Pool (LAMP)	\$117,171	\$117,171	Less than one year
Totals	\$117,171	\$117,171	

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 DEPOSITS AND INVESTMENTS (continued)

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 AD VALOREM TAXES

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision.

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in both Parishes. Assessed values are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2006 on which the 2007 assessment was \$10 per \$1,000 of assessed valuation on property within Bayou Blue Fire Protection District (in both Terrebonne and Lafourche Parishes) for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 4 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
DEPRECIABLE ASSETS:				
Machinery & Equipment	\$ 89,750	\$24,730		\$ 114,480
Vehicles	692,685	38,363		731,048
Total Cost of depreciable assets	782,435	63,092	-	845,527
ACCUMULATED DEPRECIATION:				
Machinery & Equipment	49,075	10,773		59,848
Vehicles	165,309	46,758		212,067
Total accumulated depreciation	214,384	57,530	-	271,914
Net depreciable assets	\$ 568,051			\$ 573,613

Depreciation Expense of \$57,530 was recorded in the governmental activities.

NOTE 5 CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in debt outstanding as of December 31, 2007:

	Balance 12/31/06	Additions	Reduction/ Adjustment	Balance 12/31/07
Capital leases	\$ 255,376	\$0	\$ 61,555	\$193,821

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2007

NOTE 5 CAPITAL LEASE OBLIGATIONS (continued)

The District entered into another capital lease agreement for financing the acquisition of a fire truck. The lease agreement qualifies as a capital lease; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$218,932. Annual payments are due on March 12th of each year, beginning March 12, 2007. The interest rate on the amount financed is 3.59% per annum. The following is a schedule of future minimum lease payments under the capital lease agreement and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2008	\$45,302	\$3,311	\$48,613
2009	46,928	1,685	48,613
Totals	\$92,230	\$4,996	\$97,226

This year the District entered into another capital lease agreement also for financing the acquisition of a fire truck. The lease agreements qualify as capital leases; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception as a capital asset in the amount of \$287,742. Annual payments are due on March 13th of each year, beginning March 13, 2007. The interest rate on the amount financed is 4.40% per annum. The following is a schedule of future minimum lease payments under the capital lease agreement and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2008	\$18,607	\$4,470	\$23,077
2009	19,425	3,652	23,077
2010	20,280	2,797	23,077
2011	21,173	1,904	23,077
2012	22,106	972	23,078
Totals	\$101,590	\$13,795	\$115,385

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

Note 7 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2007.

***REQUIRED SUPPLEMENTAL
INFORMATION***

BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2007

	Budgets			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes:				
Terrebonne Parish	\$ 100,000	\$ 103,800	\$ 103,613	\$ 13
Lafourche Parish	115,000	123,125	123,142	17
Intergovernmental:				
State Revenue Sharing				
Terrebonne Parish	4,000	5,010	5,012	2
Lafourche Parish	6,000	7,015	7,019	4
State of LA - Station Construction	-	10,000	-	(10,000)
Lafourche Parish Council	-	20,000	20,000	-
Fire Insurance Tax	20,000	24,625	24,631	6
Interest	5,000	8,300	8,660	360
Miscellaneous	-	225	231	6
TOTAL REVENUES	250,000	298,900	290,308	(9,588)
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	7,610	7,700	7,670	30
Ad valorem tax adjustments	1,655	1,900	1,714	186
Total general government - current	9,265	9,600	9,384	216
Public safety - current:				
Workmen's Comp Insurance	23,850	2,200	2,176	
Office supplies	2,000	1,000	283	717
Gasoline/Diesel/Oil	8,500	7,500	5,334	2,186
Operating supplies	8,000	5,500	3,512	1,988
Fire Hose Purchases	3,000	10,000	-	10,000
Firefighter Turnout Gear	15,000	60,000	57,985	2,015
2% Fire Ins Reb Exp (Uniforms)	2,500	2,500	1,374	1,126
Utilities	5,500	5,000	3,593	1,407
Telephone	3,000	3,300	2,671	629
General Liability Insurance	2,400	3,300	3,229	71
Management Liability Insurance	600	500	488	12
Vehicle Insurance	10,100	10,000	9,836	164
Building & Equipment Insurance	3,450	3,000	3,000	-
Audit Fees	2,500	2,500	2,500	-
Publish Proceedings/Class Ads	700	750	28	722
Other fees	8,000	1,300	1,056	244
Membership dues	500	500	50	450
Travel & Training	3,000	1,000	215	785
Community relations	2,500	2,700	2,154	546
Accounting fees	8,000	6,000	5,549	451
E-911 Fire Dispatch Services	800	800	752	48
Building Repairs & Maintenance	8,000	30,000	9,590	20,410
Communication Equipment Repairs	3,000	3,000	1,561	1,439
Truck Repairs & Maintenance	6,000	7,500	5,485	2,015
Equipment Repairs & Maintenance	5,000	5,000	3,890	1,110
Total public safety - current	133,900	174,860	126,311	48,515
Capital expenditures	40,000	89,000	63,092	25,908
Total capital expenditures	40,000	89,000	63,092	25,908
Debt Service:				
Principal retirement	61,555	61,555	61,555	-
Interest and fiscal charges	10,135	10,135	10,135	-
Total debt service	71,690	71,690	71,690	-
TOTAL EXPENDITURES	254,855	345,140	270,477	74,639
Excess (deficiencies) of revenues over expenditures	(4,855)	(45,240)	19,831	65,071
FUND BALANCES				
Beginning of year	21,174	193,386	193,386	-
End of year	<u>\$16,319</u>	<u>\$148,146</u>	<u>\$213,217</u>	<u>\$65,071</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of
Bayou Blue Fire Protection District

We have audited the financial statements Bayou Blue Fire Protection District; a component unit of Lafourche Parish Government as of and for the year ended December 31, 2007, and have issued our report thereon dated May 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bayou Blue Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bayou Blue Fire Protection District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayou Blue Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
May 1, 2008



Bayou Blue Fire Protection District
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2007

We have audited the financial statements of Bayou Blue Fire Protection District as of and for the year ended December 31, 2007, and have issued our report thereon dated May 1, 2008. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ No
 Significant Deficiencies ☒ No

Compliance

Compliance Material to Financial Statements ☒ No

b. Federal Awards N/A

Internal Control

Material Weaknesses ☐
 Significant Deficiencies ☐
 Type of Opinion On Compliance Unqualified ☐
 For Major Programs Disclaimer ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs:	
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? <input type="checkbox"/>	

Section II Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

N/A

